

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2122

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

4 15-481. Override election; budget increases; notice; ballot;
5 effect

6 A. If a proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, at least ninety days before the proposed
8 election the governing board shall order an override election to be held on
9 the first Tuesday following the first Monday in November as prescribed by
10 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
11 presenting the proposed budget to the qualified electors of the school
12 district who ~~shall~~ by a majority of those voting either **SHALL** affirm or
13 reject the budget. In addition, the governing board shall prepare an
14 alternate budget which does not include an increase in the budget of more
15 than the amount permitted as provided in section 15-905. If the qualified
16 electors approve the proposed budget, the governing board of the school
17 district shall follow the procedures prescribed in section 15-905 for
18 adopting a budget that includes the authorized increase. If the qualified
19 electors disapprove the proposed budget, the governing board shall follow the
20 procedures prescribed in section 15-905 for adopting a budget that does not
21 include the proposed increase or the portion of the proposed increase that
22 exceeds the amount authorized by a previously approved budget increase as
23 prescribed in subsection P of this section.

24 B. The county school superintendent shall prepare an informational
25 report on the proposed increase in the budget and a sample ballot and, at
26 least forty days prior to the election, shall transmit the report and the
27 sample ballot to the governing board of the school district. The governing
28 board, upon receipt of the report and the ballot, shall mail or distribute

1 the report and the ballot to the households in which qualified electors
2 reside within the school district at least thirty-five days prior to the
3 election. Any distribution of material concerning the proposed increase in
4 the budget shall not be conducted by children enrolled in the school
5 district. The report shall contain the following information:

6 1. The date of the election.

7 2. The voter's polling place and the times it is open.

8 3. The proposed total increase in the budget which exceeds the amount
9 permitted pursuant to section 15-905.

10 4. The total amount of the current year's budget, the total amount of
11 the proposed budget and the total amount of the alternate budget.

12 5. If the override is for a period of more than one year, a statement
13 indicating the number of years the proposed increase in the budget would be
14 in effect and the percentage of the school district's revenue control limit
15 that the district is requesting for the future years.

16 6. The proposed total amount of revenues which will fund the increase
17 in the budget and the amount which will be obtained from a levy of taxes upon
18 the taxable property within the school district for the first year for which
19 the budget increase was adopted.

20 7. The proposed amount of revenues which will fund the increase in the
21 budget and which will be obtained from other than a levy of taxes upon the
22 taxable property within the school district for the first year for which the
23 budget increase was adopted.

24 8. The dollar amount and the purpose for which the proposed increase
25 in the budget is to be expended for the first year for which the budget
26 increase was adopted.

27 9. At least two arguments, if submitted, but no more than ten
28 arguments for and two arguments, if submitted, but no more than ten arguments
29 against the proposed increase in the budget. The arguments shall be in a
30 form prescribed by the county school superintendent, and each argument shall
31 not exceed two hundred words. Arguments for the proposed increase in the
32 budget shall be provided in writing and signed by the governing board. If

1 submitted, additional arguments in favor of the proposed increase in the
2 budget shall be provided in writing and signed by those in favor. Arguments
3 against the proposed increase in the budget shall be provided in writing and
4 signed by those in opposition. The names of those persons other than the
5 governing board or superintendent submitting written arguments shall not be
6 included in the report without their specific permission, but shall be made
7 available only upon request to the county school superintendent. The county
8 school superintendent shall review all factual statements contained in the
9 written arguments and correct any inaccurate statements of fact. The
10 superintendent shall not review and correct any portion of the written
11 arguments which are identified as statements of the author's opinion. The
12 county school superintendent shall make the written arguments available to
13 the public as provided in title 39, chapter 1, article 2. A deadline for
14 submitting arguments to be included in the informational report shall be set
15 by the county school superintendent.

16 10. A statement that the alternate budget shall be adopted by the
17 governing board if the proposed budget is not adopted by the qualified
18 electors of the school district.

19 11. The full cash value, the assessed valuation, the first year tax
20 rate for the proposed override and the estimated amount of the secondary
21 property taxes if the proposed budget is adopted for each of the following:

22 (a) An owner-occupied residence whose assessed valuation is the
23 average assessed valuation of property classified as class three, as
24 prescribed by section 42-12003 for the current year in the school district.

25 (b) An owner-occupied residence whose assessed valuation is one-half
26 of the assessed valuation of the residence in subdivision (a) of this
27 paragraph.

28 (c) An owner-occupied residence whose assessed valuation is twice the
29 assessed valuation of the residence in subdivision (a) of this paragraph.

30 (d) A business whose assessed valuation is the average of the assessed
31 valuation of property classified as class one, as prescribed by section
32 42-12001, paragraphs 12 and 13 for the current year in the school district.

1 12. If the election is conducted pursuant to subsection L or M of this
2 section, the following information:

3 (a) An executive summary of the school district's most recent capital
4 improvement plan submitted to the school facilities board.

5 (b) A complete list of each proposed capital improvement that will be
6 funded with the budget increase and a description of the proposed cost of
7 each improvement, including a separate aggregation of capital improvements
8 for administrative purposes as defined by the school facilities board.

9 (c) The tax rate associated with each of the proposed capital
10 improvements and the estimated cost of each capital improvement for the owner
11 of a single family home that is valued at eighty thousand dollars.

12 C. For the purpose of this section, the school district may use its
13 staff, equipment, materials, buildings or other resources only to distribute
14 the informational report at the school district office or at public hearings
15 and to produce such information as required in subsection B of this section,
16 provided that nothing in this subsection shall preclude school districts from
17 holding or participating in any public hearings at which testimony is given
18 by at least one person for the proposed increase and one person against the
19 proposed increase. Any written information provided by the district
20 pertaining to the override election shall include financial information
21 showing the estimated first year tax rate for the proposed budget override
22 amount.

23 D. If any amount of the proposed increase will be funded by a levy of
24 taxes in the district, the election prescribed in subsection A of this
25 section shall be held on the first Tuesday following the first Monday in
26 November as prescribed by section 16-204, subsection B, paragraph 1,
27 subdivision (d). If the proposed increase will be fully funded by revenues
28 from other than a levy of taxes, the elections prescribed in subsection A of
29 this section shall be held on any date prescribed by section 16-204. The
30 elections shall be conducted as nearly as practicable in the manner
31 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
32 section 15-426, relating to special elections, except that:

1 1. The notices required pursuant to section 15-403 shall be posted not
2 less than twenty-five days before the election.

3 2. Ballots shall be counted pursuant to title 16, chapter 4,
4 article 10.

5 E. If the election is to exceed the revenue control limit and if the
6 proposed increase will be fully funded by a levy of taxes upon the taxable
7 property within the school district, the ballot shall contain the words
8 "budget increase, yes" and "budget increase, no", and the voter shall signify
9 his desired choice. The ballot shall also contain the amount of the proposed
10 increase of the proposed budget over the alternate budget, a statement that
11 the amount of the proposed increase will be based on a percentage of the
12 school district's revenue control limit in future years, if applicable, as
13 provided in subsection P of this section and the following statement:

14 Any budget increase authorized by this election shall be
15 entirely funded by a levy of taxes upon the taxable property
16 within this school district for the year for which adopted and
17 for ____ subsequent years, shall not be realized from monies
18 furnished by the state and shall not be subject to the limitation
19 on taxes specified in article IX, section 18, Constitution of
20 Arizona. Based on an estimate of assessed valuation used for
21 secondary property tax purposes, to fund the proposed increase in
22 the school district's budget would require an estimated tax rate
23 of _____ dollar per one hundred dollars of assessed
24 valuation used for secondary property tax purposes and is in
25 addition to the school district's tax rate which will be levied
26 to fund the school district's revenue control limit allowed by
27 law.

28 F. If the election is to exceed the revenue control limit and if the
29 proposed increase will be fully funded by revenues from other than a levy of
30 taxes upon the taxable property within the school district, the ballot shall
31 contain the words "budget increase, yes" and "budget increase, no", and the

1 voter shall signify the voter's desired choice. The ballot shall also
2 contain:

3 1. The amount of the proposed increase of the proposed budget over the
4 alternate budget.

5 2. A statement that the amount of the proposed increase will be based
6 on a percentage of the school district's revenue control limit in future
7 years, if applicable, as provided in subsection P of this section.

8 3. The following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by this school district with revenues from other
11 than a levy of taxes on the taxable property within the school
12 district for the year for which adopted and for _____ subsequent
13 years and shall not be realized from monies furnished by the
14 state.

15 G. Except as provided in subsection H of this section, the maximum
16 budget increase which may be requested and authorized as provided in
17 subsection E or F of this section or the combination of subsections E and F
18 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as
19 provided in section 15-947, subsection A for the budget year. PROCEEDS FROM
20 THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE
21 ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE
22 THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC
23 ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE
24 AMOUNT OF INSTRUCTION. IF A SCHOOL DISTRICT REQUESTS AN OVERRIDE PURSUANT TO
25 SECTION 15-482 OR TO CONTINUE WITH A BUDGET OVERRIDE PURSUANT TO SECTION
26 15-482 FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE THAT
27 WAS AUTHORIZED BEFORE DECEMBER 31, 2008, THE MAXIMUM BUDGET INCREASE THAT MAY
28 BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION E OR F OF THIS SECTION
29 OR THE COMBINATION OF SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF
30 THE REVENUE CONTROL LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE
31 BUDGET YEAR.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Small School	Support Level Weight	Phase Down
Student	for Small Isolated	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>
<u> </u>	<u> </u>	<u>Base Level</u>
<u> </u>	<u> </u>	<u>Factor</u>

$$\text{_____} - \text{_____} 125 \times 1.358 + (0.0005 \times \text{_____} \times \$\text{_____} = \$\text{_____}$$

(500 - Student Count))

Small Isolated

Phase Down	Phase Down	School District
<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
\$150,000	- \$	= \$

(ii)

Small School	Support Level Weight	Phase Down
Student	for Small	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>
<u> </u>	<u> </u>	<u>Base Level</u>
<u> </u>	<u> </u>	<u>Factor</u>

$$\text{_____} - \text{_____} 125 \times 1.278 + (0.0003 \times \text{_____} \times \$\text{_____} = \$\text{_____}$$

(500 - Student Count))

Small

Phase Down	Phase Down	School District
<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
\$150,000	- \$	= \$

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Small School	Support Level Weight	Phase Down
Student	for Small Isolated	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>
<u> </u>	<u> </u>	<u>Base Level</u>
<u> </u>	<u> </u>	<u>Factor</u>

$$\text{Student Count} - 100 \times 1.468 + (0.0005 \times (500 - \text{Student Count})) \times \$ \text{Base Level} = \$ \text{Factor}$$

Small Isolated

Phase Down	Phase Down	District
<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
\$350,000	- \$	= \$

(ii)

Small School	Support Level Weight	Phase Down
Student	for Small	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>
<u> </u>	<u> </u>	<u>Base Level</u>
<u> </u>	<u> </u>	<u>Factor</u>

$$\text{Student Count} - 100 \times 1.398 + (0.0004 \times (500 - \text{Student Count})) \times \$ \text{Base Level} = \$ \text{Factor}$$

Small

Phase Down	Phase Down	School District
<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
\$350,000	- \$	= \$

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility

1 requirements of this subsection. If a school district budgets monies outside
2 the revenue control limit pursuant to section 15-949, subsection E, the
3 district's limit for the purposes of this paragraph is only the ten per cent
4 of the revenue control limit attributable to those grade levels that are not
5 included under section 15-949, subsection E. For the purposes of this
6 subdivision, the revenue control limit is separated into elementary and
7 secondary components based on the weighted student count as provided in
8 section 15-971, subsection B, paragraph 2, subdivision (a).

9 2. If a school district utilizes ~~the provisions of~~ this subsection to
10 request an override of more than one year, the ballot shall include an
11 estimate of the amount of the proposed increase in the future years in place
12 of the statement that the amount of the proposed increase will be based on a
13 percentage of the school district's revenue control limit in future years, as
14 prescribed in subsections E and F of this section.

15 3. Notwithstanding subsection P of this section, the maximum period of
16 an override authorized pursuant to this subsection is five years.

17 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
18 overrides authorized pursuant to this subsection.

19 I. If the election is to exceed the revenue control limit as provided
20 in section 15-482 and if the proposed increase will be fully funded by a levy
21 of taxes on the taxable property within the school district, the ballot shall
22 contain the words "budget increase, yes" and "budget increase, no", and the
23 voter shall signify the voter's desired choice. The ballot shall also
24 contain the amount of the proposed increase of the budget over the alternate
25 budget, a statement that the amount of the proposed increase will be based on
26 a percentage of the school district's revenue control limit in future years,
27 if applicable, as provided in subsection Q of this section, and the following
28 statement:

29 Any budget increase authorized by this election shall be
30 entirely funded by a levy of taxes on the taxable property within
31 this school district for the year for which adopted and for ____
32 subsequent years, shall not be realized from monies furnished by

1 the state and shall not be subject to the limitation on taxes
2 specified in article IX, section 18, Constitution of Arizona.
3 Based on an estimate of assessed valuation used for secondary
4 property tax purposes, to fund the proposed increase in the
5 school district's budget which will be funded by a levy of taxes
6 upon the taxable property within this school district would
7 require an estimated tax rate of _____ dollar per one
8 hundred dollars of assessed valuation used for secondary property
9 tax purposes and is in addition to the school district's tax rate
10 that will be levied to fund the school district's revenue control
11 limit allowed by law.

12 J. If the election is to exceed the revenue control limit as provided
13 in section 15-482 and if the proposed increase will be fully funded by
14 revenues other than a levy of taxes on the taxable property within the school
15 district, the ballot shall contain the words "budget increase, yes" and
16 "budget increase, no", and the voter shall signify the voter's desired
17 choice. The ballot shall also contain the amount of the proposed increase of
18 the proposed budget over the alternate budget, a statement that the amount of
19 the proposed increase will be based on a percentage of the school district's
20 revenue control limit in future years, if applicable, as provided in
21 subsection Q of this section and the following statement:

22 Any budget increase authorized by this election shall be
23 entirely funded by this school district with revenues from other
24 than a levy of taxes on the taxable property within the school
25 district for the year for which adopted and for _____ subsequent
26 years and shall not be realized from monies furnished by the
27 state.

28 K. The maximum budget increase that may be requested and authorized as
29 provided in subsection I or J of this section, or a combination of both of
30 these subsections, is five per cent of the revenue control limit as provided
31 in section 15-947, subsection A for the budget year. For a unified school
32 district, a common school district not within a high school district or a

1 common school district within a high school district that offers instruction
2 in high school subjects as provided in section 15-447, five per cent of the
3 revenue control limit means five per cent of the revenue control limit
4 attributable to the weighted student count in preschool programs for children
5 with disabilities, kindergarten programs and grades one through eight as
6 provided in section 15-971, subsection B. FOR A UNION HIGH SCHOOL DISTRICT,
7 FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE
8 CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE
9 THROUGH TWELVE.

10 L. If the election is to exceed the capital outlay revenue limit and
11 if the proposed increase will be fully funded by a levy of taxes upon the
12 taxable property within the school district, the ballot shall contain the
13 words "budget increase, yes" and "budget increase, no", and the voter shall
14 signify the voter's desired choice. An election held pursuant to this
15 subsection shall be held on the first Tuesday after the first Monday of
16 November. The ballot shall also contain the amount of the proposed increase
17 of the proposed budget over the alternate budget and the following statement:

18 Any budget increase authorized by this election shall be
19 entirely funded by a levy of taxes upon the taxable property
20 within this school district for the year in which adopted and for
21 _____ subsequent years, shall not be realized from monies
22 furnished by the state and shall not be subject to the limitation
23 on taxes specified in article IX, section 18, Constitution of
24 Arizona. Based on an estimate of assessed valuation used for
25 secondary property tax purposes, to fund the proposed increase in
26 the school district's budget would require an estimated tax rate
27 of _____ dollar per one hundred dollars of assessed
28 valuation used for secondary property tax purposes and is in
29 addition to the school district's tax rate which will be levied
30 to fund the school district's capital outlay revenue limit
31 allowed by law.

1 M. If the election is to exceed the capital outlay revenue limit and
2 if the proposed increase will be fully funded by revenues from other than a
3 levy of taxes upon the taxable property within the school district, the
4 ballot shall contain the words "budget increase, yes" and "budget increase,
5 no", and the voter shall signify the voter's desired choice. An election
6 held pursuant to this subsection shall be held on the first Tuesday after the
7 first Monday of November. The ballot shall also contain the amount of the
8 proposed increase of the proposed budget over the alternate budget and the
9 following statement:

10 Any budget increase authorized by this election shall be
11 entirely funded by this school district with revenues from other
12 than a levy of taxes on the taxable property within the school
13 district for the year in which adopted and for _____ subsequent
14 years and shall not be realized from monies furnished by the
15 state.

16 N. If the election is to exceed a combination of the revenue control
17 limit as provided in subsection E or F of this section, the revenue control
18 limit as provided in subsection I or J of this section or the capital outlay
19 revenue limit as provided in subsection L or M of this section, the ballot
20 shall be prepared so that the voters may vote on each proposed increase
21 separately and shall contain statements required in the same manner as if
22 each proposed increase were submitted separately.

23 O. If the election provides for a levy of taxes on the taxable
24 property within the school district, at least thirty days prior to the
25 election, the department of revenue shall provide the school district
26 governing board and the county school superintendent with an estimate of the
27 school district's assessed valuation used for secondary property tax purposes
28 for the ensuing fiscal year. The governing board and the county school
29 superintendent shall use this estimate to translate the amount of the
30 proposed dollar increase in the budget of the school district over that
31 allowed by law into a tax rate figure.

1 P. If the voters in a school district vote to adopt a budget in excess
2 of the revenue control limit as provided in subsection E or F of this
3 section, any additional increase shall be included in the aggregate budget
4 limit for each of the years authorized. Any additional increase shall be
5 excluded from the determination of equalization assistance. The school
6 district governing board ~~may~~, however, MAY levy on the assessed valuation
7 used for secondary property tax purposes of the property in the school
8 district the additional increase if adopted under subsection E of this
9 section for the period of one year, two years or five through seven years as
10 authorized. If an additional increase is approved as provided in subsection
11 F of this section, the school district governing board may only use revenues
12 derived from the school district's prior year's maintenance and operation
13 fund ending cash balance to fund the additional increase. If a budget
14 increase was previously authorized and will be in effect for the budget year
15 or budget year and subsequent years, as provided in subsection E or F of this
16 section, the governing board may request a new budget increase as provided in
17 the same subsection under which the prior budget increase was adopted, which
18 shall not exceed the maximum amount permitted under subsection G of this
19 section. If the voters in the school district authorize the new budget
20 increase amount, the existing budget increase no longer is in effect. If the
21 voters in the school district do not authorize the budget increase amount,
22 the existing budget increase remains in effect for the time period for which
23 it was authorized. The maximum additional increase authorized as provided in
24 subsection E or F of this section and the additional increase which is
25 included in the aggregate budget limit is based on a percentage of a school
26 district's revenue control limit in future years, if the budget increase is
27 authorized for more than one year. If the additional increase:

28 1. Is for two years, the proposed increase in the second year is equal
29 to the initial proposed percentage increase.

30 2. Is for five years or more, the proposed increase is equal to the
31 initial proposed percentage increase in the following years of the proposed
32 increase, except that in the next to last year it is two-thirds of the

1 initial proposed percentage increase and it is one-third of the initial
2 proposed percentage increase in the last year of the proposed increase.

3 Q. If the voters in a school district vote to adopt a budget in excess
4 of the revenue control limit as provided in subsection I or J of this
5 section, any additional increase shall be included in the aggregate budget
6 limit for each of the years authorized. Any additional increase shall be
7 excluded from the determination of equalization assistance. The school
8 district governing board, however, may levy on the assessed valuation used
9 for secondary property tax purposes of the property in the school district
10 the additional increase if adopted under subsection I of this section for the
11 period of one year, two years or five through seven years as authorized. If
12 an additional increase is approved as provided in subsection J of this
13 section, the increase may only be budgeted and expended if sufficient monies
14 are available in the maintenance and operation fund of the school district.
15 If a budget increase was previously authorized and will be in effect for the
16 budget year or budget year and subsequent years, as provided in subsection I
17 or J of this section, the governing board may request a new budget increase
18 as provided in the same subsection under which the prior budget increase was
19 adopted that does not exceed the maximum amount permitted under subsection K
20 of this section. If the voters in the school district authorize the new
21 budget increase amount, the existing budget increase no longer is in effect.
22 If the voters in the school district do not authorize the budget increase
23 amount, the existing budget increase remains in effect for the time period
24 for which it was authorized. The maximum additional increase authorized as
25 provided in subsection I or J of this section and the additional increase
26 that is included in the aggregate budget limit is based on a percentage of a
27 school district's revenue control limit in future years, if the budget
28 increase is authorized for more than one year. If the additional increase:

29 1. Is for two years, the proposed increase in the second year is equal
30 to the initial proposed percentage increase.

31 2. Is for five years or more, the proposed increase is equal to the
32 initial proposed percentage increase in the following years of the proposed

1 increase, except that in the next to last year it is two-thirds of the
2 initial proposed percentage increase and it is one-third of the initial
3 proposed percentage increase in the last year of the proposed increase.

4 R. If the voters in a school district vote to adopt a budget in excess
5 of the capital outlay revenue limit as provided in subsection L of this
6 section, any additional increase shall be included in the aggregate budget
7 limit for each of the years authorized. The additional increase shall be
8 excluded from the determination of equalization assistance. The school
9 district governing board ~~may~~, however, MAY levy on the assessed valuation
10 used for secondary property tax purposes of the property in the school
11 district the additional increase for the period authorized but not to exceed
12 ten years. For overrides approved by a vote of the qualified electors of the
13 school district at an election held from and after October 31, 1998, the
14 period of the additional increase prescribed in this subsection shall not
15 exceed seven years for any capital override election.

16 S. If the voters in a school district vote to adopt a budget in excess
17 of the capital outlay revenue limit as provided in subsection M of this
18 section, any additional increase shall be included in the aggregate budget
19 limit for each of the years authorized. The additional increase shall be
20 excluded from the determination of equalization assistance. The school
21 district governing board may only use revenues derived from the school
22 district's prior year's maintenance and operation fund ending cash balance
23 and capital outlay fund ending cash balance to fund the additional increase
24 for the period authorized but not to exceed ten years. For overrides
25 approved by a vote of the qualified electors of the school district at an
26 election held from and after October 31, 1998, the period of the additional
27 increase prescribed in this subsection shall not exceed seven years for any
28 capital override election.

29 T. In addition to subsections P and S of this section, from the
30 maintenance and operation fund and capital outlay fund ending cash balances,
31 the school district governing board shall first use any available revenues to
32 reduce its primary tax rate to zero and shall use any remaining revenues to

1 fund the additional increase authorized as provided in subsections F and M of
2 this section.

3 U. If the voters in a school district disapprove the proposed budget,
4 the alternate budget which, except for any budget increase authorized by a
5 prior election, does not include an increase in the budget in excess of the
6 amount provided in section 15-905 shall be adopted by the governing board as
7 provided in section 15-905.

8 V. The governing board may request that any override election be
9 cancelled if any change in chapter 9 of this title changes the amount of the
10 aggregate budget limit as provided in section 15-905. The request to cancel
11 the override election shall be made to the county school superintendent at
12 least ten days prior to the date of the scheduled override election.

13 W. For any election conducted pursuant to subsection L or M of this
14 section:

15 1. The ballot shall include the following statement in addition to any
16 other statement required by this section:

17 The capital improvements that are proposed to be funded
18 through this override election are to exceed the state standards
19 and are in addition to monies provided by the state.

20 _____ school district is proposing to increase its
21 budget by \$_____ to fund capital improvements over and above
22 those funded by the state. Under the students first capital
23 funding system, _____ school district is entitled to state
24 monies for building renewal, new construction and renovation of
25 school buildings in accordance with state law.

26 2. The ballot shall contain the words "budget increase, yes" and
27 "budget increase, no", and the voter shall signify the voter's desired
28 choice.

29 3. At least eighty-five days before the election, the school district
30 shall submit proposed ballot language to the director of the Arizona
31 legislative council. The director of the Arizona legislative council shall
32 review the proposed ballot language to determine whether the proposed ballot

1 language complies with this section. If the director of the Arizona
2 legislative council determines that the proposed ballot language does not
3 comply with this section, the director, within ten calendar days of the
4 receipt of the proposed ballot language, shall notify the school district of
5 the director's objections and the school district shall resubmit revised
6 ballot language to the director for approval.

7 X. If the voters approve the budget increase pursuant to subsection L
8 or M of this section, the school district shall not use the override proceeds
9 for any purposes other than the proposed capital improvements listed in the
10 publicity pamphlet, except that up to ten per cent of the override proceeds
11 may be used for general capital expenses, including cost overruns of proposed
12 capital improvements.

13 Y. Each school district that currently increases its budget pursuant
14 to subsection L or M of this section is required to hold a public meeting
15 each year between September 1 and October 31 at which an update of the
16 progress of capital improvements financed through the override is discussed
17 and at which the public is permitted an opportunity to comment. At a
18 minimum, the update shall include a comparison of the current status and the
19 original projections on the construction of capital improvements, the costs
20 of capital improvements and the costs of capital improvements in progress or
21 completed since the prior meeting and the future capital plans of the school
22 district. The school district shall include in the public meeting a
23 discussion of the school district's use of state capital aid and
24 voter-approved bonding in funding capital improvements, if any.

25 Z. If a budget in excess of the capital outlay revenue limit was
26 previously adopted by the voters in a school district and will be in effect
27 for the budget year or budget year and subsequent years, as provided in
28 subsection L or M of this section, the governing board may request an
29 additional budget in excess of the capital outlay revenue limit. If the
30 voters in a school district authorize the additional budget in excess of the
31 capital outlay revenue limit, the existing capital outlay revenue limit
32 budget increase remains in effect.

1 Sec. 2. Section 15-482, Arizona Revised Statutes, is amended to read:

2 15-482. Special five per cent override for programs of pupils in
3 kindergarten programs and grades one through twelve

4 A. An additional budget increase may be requested and authorized as
5 provided in section 15-481, subsections I and J of up to five per cent of the
6 revenue control limit as provided in subsection B of this section. ~~if the~~
7 ~~following conditions are met:~~

8 ~~1. The school district uses a task force of educators and other~~
9 ~~persons to develop a special program designed to improve the academic~~
10 ~~achievement of low achieving pupils in kindergarten programs and grades one~~
11 ~~through three, with the goal that all pupils capable of doing so will learn~~
12 ~~the basic skills necessary for fourth grade work by the end of the third~~
13 ~~grade.~~

14 ~~2. The amount of the proposed budget increase as provided in~~
15 ~~subsection B of this section is for use for the special program and is to~~
16 ~~supplement, not supplant, programs for pupils in kindergarten programs and~~
17 ~~grades one through three which were in existence prior to the budget~~
18 ~~increase, unless in the fiscal year prior to the fiscal year of the proposed~~
19 ~~budget increase special programs for pupils in kindergarten programs and~~
20 ~~grades one through three were in existence and were funded with proceeds from~~
21 ~~the sale or lease of school property, as provided in section 15-1102.~~

22 B. The maximum amount of the budget increase requested and authorized
23 shall not exceed the budgeted expenditures of the proposed special program
24 for each fiscal year, not to exceed a total of five per cent of the revenue
25 control limit for each fiscal year. ~~For a unified school district, a common~~
26 ~~school district not within a high school district or a common school district~~
27 ~~within a high school district that offers instruction in high school subjects~~
28 ~~as provided in section 15-447, five per cent of the revenue control limit~~
29 ~~means five per cent of the revenue control limit attributable to the weighted~~
30 ~~student count in preschool programs for children with disabilities,~~
31 ~~kindergarten programs and grades one through eight as provided in section~~
32 ~~15-971, subsection B.~~

1 C. For each fiscal year in which a budget increase of up to five per
2 cent of the revenue control limit is authorized as provided in subsection A
3 of this section, the governing board shall:

4 1. Utilize a separate annual special program budget on a form
5 prescribed by the auditor general in conjunction with the department of
6 education. The budget format shall be designed to allow a school district to
7 plan and provide in detail for expenditures to be incurred as a result of the
8 special program.

9 2. Prepare as a part of the school district annual financial report a
10 detailed report of expenditures incurred as a result of the special program,
11 in a format prescribed by the auditor general in conjunction with the
12 department of education, as provided in section 15-904.

13 D. The special program may be designed for any or all of the pupils
14 enrolled in kindergarten programs and grades one through ~~three~~ TWELVE and may
15 involve efforts to remove barriers to academic achievement as well as efforts
16 to improve instruction or increase the amount of instruction. ~~The special~~
17 ~~program, at a minimum, shall focus on pupils who, because of innate factors,~~
18 ~~are not succeeding in the school environment as identified by parents,~~
19 ~~guardians or school personnel. These pupils may include, but are not limited~~
20 ~~to, those who do not qualify for special education services, who have~~
21 ~~measured intelligence quotients of between seventy and eighty-five or who~~
22 ~~exhibit characteristics of attention deficit disorder or learning patterns~~
23 ~~attributable to prenatal substance exposure.~~

24 E. During any fiscal year in which proceeds from the sale or lease of
25 school property are used for the maintenance and operation section of the
26 budget as provided in section 15-1102, a budget increase is in effect as
27 provided in section 15-481, subsection E or F, or a budget increase is in
28 effect as provided in this section, or any combination of these conditions
29 occurs, the total amount of the proceeds and increases which may be expended
30 is equal to fifteen per cent of the revenue control limit for that year as
31 provided in section 15-947, subsection A, provided that the following maximum
32 amount is attributable to any one of the conditions:

1 1. Fifteen per cent of the revenue control limit if using the proceeds
2 from the sale or lease of school property for the maintenance and operation
3 section of the budget as provided in section 15-1102.

4 2. ~~Ten~~ FIFTEEN per cent of the revenue control limit if using a budget
5 increase as provided in section 15-481, subsection E or F, or both.

6 3. Five per cent of the revenue control limit if using a budget
7 increase as provided in this section.

8 Sec. 3. Section 15-1102, Arizona Revised Statutes, is amended to read:

9 15-1102. Disposition of proceeds from sale or lease of school
10 property; school plant monies; payment of bonded
11 indebtedness; definition

12 A. The governing board, or the superintendent or chief administrative
13 officer with the approval of the governing board, may expend the proceeds
14 from the sale or lease of school property for the payment of any outstanding
15 bonded indebtedness of the school district or for the reduction of school
16 district taxes.

17 B. A common school district or high school district which has an
18 outstanding bonded indebtedness of seven per cent of the current year's
19 assessed valuation or less or a unified school district which has an
20 outstanding bonded indebtedness of fourteen per cent of the current year's
21 assessed valuation or less may expend the proceeds from the sale or lease of
22 school property for maintenance and operation or capital outlay, subject to
23 the following limitations:

24 1. During the period that proceeds from the sale or lease of school
25 property are used for capital outlay, the school district shall not call an
26 override election to exceed the capital outlay revenue limit, except that
27 during the last year of that period the school district may authorize an
28 override election to exceed the capital outlay revenue limit beginning with
29 the following year.

30 2. The total sum of the proceeds from the sale of school property
31 before July 1, 1998 or the lease of school property for more than one year
32 expended for maintenance and operation shall not exceed fifteen per cent of

1 the revenue control limit as provided in section 15-947, subsection A in any
2 year of which ten per cent may be used without voter approval and an
3 additional five per cent may be used if the additional amount is approved by
4 a majority of the qualified electors voting in an election called for such
5 purposes. The election shall be conducted and notice and ballots shall be
6 prepared as provided in section 15-481. Proceeds from the sale of school
7 property from and after June 30, 1998 shall not be expended for maintenance
8 and operation.

9 3. In any fiscal year in which a district utilizes budget increases as
10 authorized in section 15-481, subsection E or F or section 15-482 or utilizes
11 the proceeds from the sale of school property before July 1, 1998 or the
12 lease of school property for more than one year for maintenance and operation
13 or any combination of these provisions, the total amount of these increases
14 which may be expended is equal to fifteen per cent of the revenue control
15 limit for that year as provided in section 15-947, subsection A, provided
16 that the following maximum amount is attributable to the use of any one
17 provision:

18 (a) Fifteen per cent of the revenue control limit when using the
19 proceeds from the sale before July 1, 1998 or lease of school property for
20 maintenance and operation as provided in this section.

21 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
22 budget increase as provided in section 15-481, subsection E or F, or both.

23 (c) Five per cent of the revenue control limit when using a budget
24 increase as provided in section 15-482.

25 C. A common school district or high school district which has an
26 outstanding bonded indebtedness of greater than seven per cent of the current
27 year's assessed valuation or a unified school district which has an
28 outstanding bonded indebtedness of greater than fourteen per cent of the
29 current year's assessed valuation may expend the proceeds from the lease or
30 sale of school property as follows:

1 1. For maintenance and operation, the expenditure may not exceed the
2 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
3 amount of the proceeds from the lease of school property multiplied by .25.

4 2. For capital outlay, the expenditure of the proceeds:

5 (a) From the sale of school property may not exceed the amount of the
6 proceeds multiplied by .62.

7 (b) From the lease of school property is not limited.

8 D. The governing board, or the superintendent or chief administrative
9 officer with the approval of the governing board, shall promptly deposit
10 monies received for and derived from the sale or lease of school property
11 with the county treasurer who shall establish three school plant funds, one
12 fund for monies received from the sale before July 1, 1998 or lease of school
13 property for more than one year, one fund for monies received from the sale
14 of school property from and after June 30, 1998 and one fund for monies
15 received from the lease of school property for one year or less. The county
16 treasurer shall credit the deposits to the respective school plant fund of
17 the respective school district. Monies placed to the credit of the school
18 plant funds may be expended as provided in this section. The school plant
19 funds are continuing funds not subject to reversion.

20 E. Notwithstanding subsection C of this section, the governing board,
21 or the superintendent or chief administrative officer with the approval of
22 the governing board, may expend the proceeds from the sale before July 1,
23 1998 or lease of school property for the additional maintenance and
24 operations expenses incurred as the result of operating on a year-round
25 school year operation basis pursuant to section 15-855. The amount that the
26 governing board, superintendent or chief administrative officer may expend
27 for a year-round school year operation, as provided in this subsection, is
28 limited to the actual maintenance and operations costs incurred as the result
29 of the year-round school year operation as documented in the school
30 district's budget as provided in section 15-855. A governing board,
31 superintendent or chief administrative officer that utilizes ~~the provisions~~
32 of this subsection is subject to all other limitations prescribed in this

1 section regarding the expenditure of proceeds from the sale before July 1,
2 1998 or lease of school property.

3 F. Notwithstanding subsections B and D of this section, if the school
4 district electors approve the sale of school property and the use of the
5 proceeds for the purchase of school sites or the construction, improvement or
6 furnishing of school facilities, the proceeds from the sale shall be put in a
7 separate fund for use for the approved purpose as prescribed by the uniform
8 system of financial records. This fund is a continuing fund not subject to
9 reversion, except that after ten years any unexpended monies shall be put in
10 the school plant fund for use as prescribed in this section.

11 G. Proceeds from sales by condemnation or sales under threat of
12 condemnation may be deposited with the county treasurer for deposit in the
13 condemnation fund or the school plant fund of the school district. The
14 condemnation fund is a continuing fund not subject to reversion, except that
15 after ten years any unspent monies shall be placed in the school plant fund
16 to be used as prescribed in this section. The governing board, or the
17 superintendent or chief administrative officer with the approval of the
18 governing board, may apply the proceeds in the condemnation fund to:

19 1. The payment of any outstanding bonded indebtedness of the school
20 district which is payable from the levy of taxes upon property within the
21 school district.

22 2. Construct, acquire, improve, repair or furnish school facilities or
23 sites after notice and a hearing.

24 H. Proceeds from a right-of-way settlement shall be deposited with the
25 county treasurer for deposit in the condemnation fund of the school district.
26 The governing board, or the superintendent or chief administrative officer
27 with the approval of the governing board, shall apply such proceeds in the
28 condemnation fund to construct, acquire, improve, repair or furnish school
29 facilities or sites after notice and a hearing.

30 I. For THE purposes of this section, "capital outlay" means
31 unrestricted capital outlay as prescribed in section 15-903, subsection C.

1 Sec. 4. Saving clause

2 This act does not affect any special budget overrides pursuant to
3 section 15-482, Arizona Revised Statutes, that were approved by the qualified
4 electors of a school district before the effective date of this act. Special
5 budget overrides pursuant to section 15-482, Arizona Revised Statutes, that
6 were approved by the qualified electors of a school district before the
7 effective date of this act shall continue for the duration previously
8 authorized by the qualified electors or until the qualified electors of the
9 school district subsequently approve a budget increase in an amount of not
10 more than fifteen per cent of the revenue control limit as prescribed in
11 section 15-481, subsection G, Arizona Revised Statutes, as amended by this
12 act, whichever occurs first.

13 Sec. 5. Override election procedures for fiscal year 2009-2010

14 Notwithstanding any other law, for fiscal year 2009-2010:

15 1. A school district may conduct an election on the second Tuesday in
16 March 2010 to submit a proposed budget increase to the qualified electors in
17 an amount of not more than fifteen per cent of the revenue control limit as
18 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
19 amended by this act. Override elections conducted in subsequent fiscal years
20 shall be as prescribed by statute. An increase of not more than fifteen per
21 cent that is subsequently approved by the qualified electors of the school
22 district shall replace any previously authorized increases approved by the
23 qualified electors pursuant to section 15-481, subsection E or F, Arizona
24 Revised Statutes, and section 15-482, Arizona Revised Statutes.

25 2. If the qualified electors in a school district approve a proposed
26 budget increase in an amount of not more than ten per cent of the revenue
27 control limit in an election conducted on the first Tuesday in November 2009,
28 the school district may subsequently conduct an election on the second
29 Tuesday in March 2010 to submit to the qualified electors a proposed budget
30 increase in an amount of not more than an additional five per cent of the
31 revenue control limit. Override elections conducted in subsequent fiscal
32 years shall be as prescribed by statute.

1 3. If the qualified electors of a common school district have
2 approved both a budget increase that is still in effect on the effective date
3 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
4 Statutes, and a budget increase that is still in effect on the effective date
5 of this act pursuant to section 15-482, Arizona Revised Statutes, the common
6 school district may call an election on the second Tuesday in March 2010 to
7 submit to the qualified electors a proposed budget increase in an amount of
8 not more than seventeen per cent of the revenue control limit. An increase
9 of not more than seventeen per cent that is subsequently approved by the
10 qualified electors of the school district shall replace any previously
11 authorized increases approved by the qualified electors pursuant to section
12 15-481, subsection E or F, Arizona Revised Statutes, and section 15-482,
13 Arizona Revised Statutes. If approved by the qualified electors, the common
14 school district may continue to budget the amount of not more than seventeen
15 per cent of the revenue control limit for the remaining number of years of
16 the override previously approved pursuant to section 15-482, Arizona Revised
17 Statutes. On the expiration of the override previously approved pursuant to
18 section 15-482, Arizona Revised Statutes, override elections conducted in
19 subsequent fiscal years shall be as prescribed by statute."

20 Amend title to conform

RICH CRANDALL

2122rc3.doc
02/24/2009
10:40 AM
C: tdb